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1 CITY OF PONTIAC
2 RECEIVERSHIP TRANSITION ADVISORY BOARD MEETING
3 SEPTEMBER 17, 2014
4 1:00 p.m.
5
6 Meeting before the RTAB
7 Board at 47450 Woodward Avenue, Pontiac, Michigan, on
8 wednesday, September 17, 2014.

9
10 BOARD MEMBERS PRESENT:

11 Edward Koryzno - The Chairperson
12 Keith Sawdon
13 Robert Burgess
14 Louis Schimmel

15 OTHERS PRESENT:

16 R. Eric Cline
17 Joseph Sobota
18 Nevrus Nazarko
19 Mayor Deirdre Waterman
20 Glen Konopaskie
21 Billie Swazer
22 Robert D. Cluckey
23 Kyle Westburg
24 Patrice Waterman

25 REPORTED BY: Mona Storm, CSR# 4460

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- 1 Pontiac, Michigan
- 2 Wednesday, September 17, 2014
- 3 1:00 p.m.

4 THE CHAIRPERSON: Good afternoon. It's
5 1:00 p.m. and I'll call the City of Pontiac
6 Receivership Advisory Board meeting to order.
7 Mr. Cline, roll call.
8 MR. CLINE: Yes. Ed Koryzno.
9 THE CHAIRPERSON: Here.
10 MR. CLINE: Robert Burgess.
11 MR. BURGESS: Here.
12 MR. CLINE: Keith Sawdon.
13 MR. SAWDON: Here.
14 MR. CLINE: Louis Schimmel.
15 MR. SCHIMMEL: Here.
16 MR. CLINE: Quorum is present.
17 THE CHAIRPERSON: Thank you. I'd like to
18 remind the public that, if you wish to speak during the
19 public comment in the agenda, that there's an
20 assignment sheet in the back of the room and that, if
21 you're not on the assignment sheet, you will not be
22 recognized.
23 Next item is Approval of the Agenda.
24 Entertain a motion.
25 MR. SAWDON: I'll move that.

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1 MR. SCHIMMEL: I second.
2 THE CHAIRPERSON: It's been moved and
3 supported. Any additions?
4 Seeing none, all in favor of the motion, say
5 "Aye".

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6 BOARD MEMBERS: Aye.
7 THE CHAIRPERSON: Opposed, same sign.
8 The agenda is approved as presented.
9 Next item is Approval of Minutes of the
10 August 26th, 2014 RTAB meeting with noted amendments.
11 I'll entertain a motion.
12 MR. BURGESS: I so move.
13 MR. SCHIMMEL: Support.
14 THE CHAIRPERSON: It's been moved and
15 supported.
16 Any corrections to the minutes by the Board
17 Members?
18 MR. SAWDON: No.
19 THE CHAIRPERSON: Seeing none, all in favor
20 of the motion, say "Aye".
21 BOARD MEMBERS: Aye.
22 THE CHAIRPERSON: Opposed, same sign.
23 The motion to approve the minutes is
24 approved -- or it's passed.
25 The next item on the agenda is Old Business.

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1 The August 14, 2014 regular Meeting Revote.
2 Mr. Cline, could you provide us with some
3 background on this for us, please.
4 MR. CLINE: Yes. At the last meeting, the
5 resolutions from the City Council meeting of
6 August 14th, which included the renewal of the City's
7 Blue Cross/Blue Shield health insurance and the
8 approval of an amended industrial development district,

9 that was adopted by a vote of those present of
10 two-votes/four with Mr. Burgess abstaining.

11 I went back and I looked and I believe that
12 a -- a literal reading of the Board's Rules of
13 Procedure would indicate that a strict interpretation
14 of that is that three votes were necessary to approve
15 that. But because we didn't have that, we weren't able
16 to clarify that at the meeting, I thought that it would
17 be appropriate to have their vote and re-address this
18 issue. Staff is recommending that all resolutions from
19 this meeting be -- be adopted but I believe a revote
20 would be proper in this case to address this issue.

21 And then probably at next month's meeting
22 we're going to look at a clarification or a Rules of
23 Procedure to clarify the voting of the Board and what
24 it takes to pass -- pass an item, so --

25 THE CHAIRPERSON: So are you asking for a

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1 revote on the Public Act 198 of 1974 issue?

2 MR. CLINE: No, that -- that was just -- that
3 was our staff report from that prior meeting. I'm
4 asking for a revote on the entire August 14th meeting.
5 And we are recommending approval of all resolutions
6 from that meeting.

7 MR. SCHIMMEL: I'll move that.

8 MR. SAWDON: I'll support it.

9 THE CHAIRPERSON: It's been moved and
10 supported.

11 Any further discussion or questions for
12 Mr. Cline?
13 All right. Seeing none, all in favor of the
14 motion, say "Aye".
15 BOARD MEMBERS: Aye.
16 THE CHAIRPERSON: Opposed, same sign.
17 And the motion is approved.
18 Next item is Income Tax
19 Enforcement/Administrator.
20 Mr. Cline?
21 MR. CLINE: All right. This was postponed
22 from our meeting last month. We asked the City to --
23 to collect some additional information regarding the
24 three options to either hire a full-time City employee,
25 amend their contract with their current vendor to add

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1 collection duties and enforcement duties or to work
2 with a collection agency.
3 The City had recommended the hiring of a
4 full-time employee. They can do some additional
5 research. It appears that the major sticking point for
6 the City is the ability to have a third-party vendor do
7 enforcement. It -- research seems that it is unclear
8 that that can be legally done by a third-party vendor.
9 And there are other municipalities in the State that do
10 a similar situation where they do have a vendor but
11 they have a staff person do the enforcement and issue
12 tickets for those that are in violation.
13 The City is still recommending that they be
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14 allowed to hire an employee for this. They do indicate
15 that they do have the money in the budget for that. I
16 do not know if the City Administrator wants to
17 elaborate on this. Certainly, the Board can act on it
18 if they feel they have sufficient information on it.
19 So, really, what direction you wish to go on these
20 three options is really at the Board's discretion at
21 this point, so --

22 THE CHAIRPERSON: Mr. Sobota, do you have any
23 additional information to provide the Board?

24 MR. SOBOTA: I don't recall if I had it at
25 the time of the revised submittal but dealing with the

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1 potential third-party vendor that the Michigan
2 Department of Treasury uses, I understand that there is
3 a flat 20 percent fee on collections. So the more
4 money that they collect, the more money that they are
5 paid. Whereas the option of having a city employee,
6 our costs are fixed at what that compensation level is
7 going to be.

8 Essentially, if the third party collects
9 \$1 million, you're looking at a \$200,000 payment. We
10 have budgeted \$100,000 for this particular effort.
11 However, a portion of that money was used to purchase
12 the tapes from the State of Michigan in order for us to
13 identify the nonfilers. So we have already expended a
14 portion of this.

15 we believe that -- and I did check with

16 Hamtramck as well as Mr. Burgess had indicated -- and
17 Cathy Square has maintained an employee there that is
18 handling the prosecutions of the third-party company,
19 which is the same company that we use, was not under
20 contract to do that.

21 And my discussions with Treasury also
22 indicated that they have concerns as to whether or not
23 a third-party vendor could issue tickets and go to
24 court. And they were actually sending a request to the
25 Attorney General because they thought that was a good

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1 question to have answered because this issue may come
2 up with another community. I believe it's either
3 Lansing or East Lansing uses a third party for
4 collection services through the Michigan Department of
5 Treasury's agreement.

6 So you've got Hamtramck, Highland Park,
7 Lansing, East Lansing, one of those two, and Pontiac
8 that all use a third party in some manner or another to
9 collect the taxes. It's just that none of us, with the
10 exception of Hamtramck, has actually a prosecution
11 model for the -- those individuals who just refuse to
12 comply with all Notices. And that is being handled by
13 an employee who was retained by the Emergency Manager
14 in Hamtramck.

15 We also learned that, in the past, the City
16 had purchased the nonfiler tapes from the Michigan
17 Department of Treasury. But after we ran our program
18 and compared it to previous years, we firmly believe

19 that Notices were never sent to nonfilers in the past.
20 So the program was purchased and never used. So we're
21 essentially starting a new enforcement program, all new
22 to the City, which would be the mailing, as a result of
23 the nonfiler, and then the prosecution in the event
24 that the City is totally ignored from all of the
25 Notices that are going out.

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1 Mr. Nazarko did manage that program when he
2 was Income Tax Director in Hamtramck to quite a bit of
3 success. So we know it's a system that will work and
4 there aren't any legal questions out there and we don't
5 want to continue this process for too long, waiting for
6 an AG's opinion to see whether or not we can actually
7 utilize a third party to issue those tickets.

8 THE CHAIRPERSON: Thank you. Any questions
9 for Mr. Sobota from the Board Members?

10 MR. SAWDON: I do have a few. At last
11 month's meeting, it was brought to our attention that
12 you have a vacancy in Treasury and that there could be
13 a possibility of doing some reorganization of job
14 descriptions. In particular, I had noted that I think
15 it was at that meeting that the employee that had left
16 had received some training in income tax, apparently
17 there appeared to be some capacity for that employee to
18 work in that area.

19 But I saw in your report no discussion about
20 looking at Treasury and a redesign of job descriptions.

21 So then maybe we could avoid a new position but maybe
22 re-work the work being done by current Treasury staff,
23 once it's brought up to, say, a three-person level. I
24 saw no discussion about that. What is -- what's your
25 opinion?

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1 MR. SOBOTA: We actually are reorganizing the
2 City Treasurer's office, it's present -- we had two
3 options; a three-person office or a four-person office
4 for the Treasury operations. The four-person office,
5 which we officially have, consists of a Deputy
6 Treasurer, a Treasury Analyst, who left, and two
7 Customer Service Representatives.

8 What we are going to is a three-person
9 office, which was the original intent of Mr. Schimmel.
10 He was just unable to find a person to fill the
11 position at the time of his departure, which is a
12 full-time City Treasurer, a Deputy City Treasurer and
13 one Customer Service Representative. The full-time
14 City Treasurer is going to be responsible for the
15 day-to-day cash flow management.

16 We actually have money in the City right now.
17 So we're looking to develop an active investment
18 program, complete with the cash flow projections, that
19 will allow the City to move money and maximize
20 interest. Presently, we receive pennies, if that,
21 during the fiscal year. So that is the direction we
22 are going with the Treasurer's office.

23 That is not to say that the City Treasurer
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24 could not back up this particular person. But when the
25 enforcement model was contemplated, when Mr. Schimmel

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1 created the budget a little bit over a year ago, we did
2 allocate \$100,000 for either a person or a company to
3 engage in these activities.

4 So the Treasurer's office, of the three
5 individuals, is for the normal day-to-day operations
6 and to perform the functions that Treasurer normally
7 should be performing, they can be used as backup.
8 However, Mr. Nazarko is convinced that you're going to
9 need a full-time person, dedicated to the income tax,
10 just based on the number and level of outstanding
11 invoices that we have and that we probably will have.

12 MR. SAWDON: So I want to make sure I
13 understand. You want to have a Treasurer, a Deputy
14 Treasurer and a --

15 MR. SOBOTA: Cashier.

16 MR. SAWDON: Cashier. Is the Deputy
17 Treasurer going to perform income tax collection, then?

18 MR. SOBOTA: The Deputy Treasurer is more
19 with the property tax administration, that's where her
20 specialty is, and then she would be serving as a backup
21 in the event that the cashier needs to take some time
22 for lunch or something like that.

23 The Treasurer, more so, would be someone that
24 could be involved with the income tax side. However,
25 the amount of time that the Treasurer will need to

1 dedicate would take the Treasurer away from a lot of
2 the other duties, especially the active cash
3 management. Mr. Nazarko estimates that we could be
4 losing about \$50,000 a year based on interest rates
5 he's presently seeing.

6 MR. SAWDON: So the Treasury is going down to
7 three positions and a fourth position is added for
8 income tax administration?

9 MR. SOBOTA: That's what the proposal is,
10 correct.

11 MR. SAWDON: So it's really not a new
12 position, it's just a shifting --

13 MR. SOBOTA: -- of positions.

14 MR. SAWDON: Yeah, I was just trying to
15 understand.

16 MR. SOBOTA: So the number of bodies remains
17 the same, it's just how they're used would be
18 different.

19 MR. SAWDON: So it's not -- what's the
20 expansion of your expenditure budget, then? It sounds
21 like the Cashier position is the one that's falling by
22 the wayside. What would be the net result on the
23 expenditure budget?

24 MR. SOBOTA: We're actually net zero. That
25 was the beauty of the design that Mr. Schimmel left. A

1 three-person office would cost the same as a
2 four-person office.

3 MR. SAWDON: Okay. Maybe you misunderstood.
4 So with the Treasury Department now becoming -- or
5 moving from four budgeted positions to three and with
6 the expansion of a new income tax person, your net
7 effect to the total budget is zero?

8 MR. SOBOTA: Correct. Because this position
9 that we're discussing was included in the budget in
10 terms of \$100,000 expenditure. How that was to be used
11 was to be determined at a later time. That was
12 something that Mr. Schimmel was not able to address
13 prior to his departure.

14 MR. SAWDON: Thank you.

15 THE CHAIRPERSON: Any other questions for
16 Mr. Sobota?

17 Thank you.

18 I'll entertain a motion.

19 MR. SAWDON: I do have one last question.
20 Currently, Oakland County collects your personal
21 property taxes. Did you do any exploration or
22 exploring with them regarding income tax collection?

23 MR. SOBOTA: We did not.

24 MR. SAWDON: Just -- just as a -- I'm just
25 curious.

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1 MR. SOBOTA: Right. No, County doesn't have

2 any role in income tax.

3 MR. SAWDON: Okay.

4 MR. SOBOTA: It would really be foreign to
5 them, in our opinion.

6 MR. SAWDON: Thank you.

7 MR. SCHIMMEL: I could just add to that, we
8 did explore one when I was there and they -- they don't
9 want to do it.

10 MR. SAWDON: Okay. I was just curious.

11 THE CHAIRPERSON: What's the pleasure of the
12 Board?

13 MAYOR WATERMAN: May I speak on this as well?

14 THE CHAIRPERSON: Yes, Mayor.

15 MAYOR WATERMAN: Okay. Yes, I know this
16 question came up at another meeting and you deprived it
17 until this meeting. This explanation is the
18 understanding I had to add the additional person. But
19 the staff allocation, I want to make sure the TAB
20 Board -- RTAB Board's understanding because I'm hearing
21 this, some of this. I think there will be a person who
22 is left over after this allocation. I just want to
23 make sure that is clear. And also, as I have been --
24 recently come to the understanding, this might
25 affect -- this allocation might also affect the

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1 community development person who's in place right now,
2 who this budget is for. This person will be leaving
3 soon for employment and I've been understood -- or led
4 to understand that that might affect -- this allocation

5 might affect the rehiring of the person in that
6 position, which is a very important position. That's
7 the only staff position we have to effect or to help us
8 with the blight elimination in the City.

9 So as we're ready launch that process -- and
10 I will circulate some information to show where we are
11 on that -- I just want to make sure that the RTAB
12 understands and kind of make sure I understand that the
13 staff allocation or reassignment will not affect that
14 position as well and to explain where that one person
15 is left over.

16 MR. SAWDON: Can I ask a question?

17 THE CHAIRPERSON: Yes.

18 MR. SAWDON: Is the City staff at 24
19 positions right now? I'm a little confused.

20 MR. CLINE: I think it's --

21 MR. SOBOTA: I think 23.

22 MR. SAWDON: So --

23 MR. SOBOTA: Technically, the three that were
24 created for the community centers were elevated from
25 part time to full time, so are 23 full time.

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1 Technically, we have 22 presently hired. Because we
2 have the one vacancy in a full-time position.

3 MR. SAWDON: So when this -- if this gets
4 approved, then you'll be expanding to 24?

5 MR. SOBOTA: Or returning to 23 -- and then
6 24, correct, we've got the additional.

7 MR. SAWDON: I just wanted to make sure I
8 understand. Thank you.

9 MR. BURGESS: I guess the one problem that I
10 had last time and maybe still this time is that it
11 doesn't seem that the staff can get together on a head
12 count and where it's going to be used and what have
13 you. Could you address that?

14 MR. SOBOTA: I had discussions with the
15 Mayor. This was a -- I guess you can say a different
16 perspective when we were speaking about the creation of
17 the position of Deputy Mayor. I believe that the
18 person that was going to be hired was going to be kept
19 to the four main duties and responsibilities as
20 identified in the job description.

21 The Mayor indicated to me that she wants to
22 assign that individual other duties and, as a result,
23 is looking for additional staff support, in terms of
24 some of the responsibilities for the blight elimination
25 program. We just had this discussion yesterday. I

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1 have given that some consideration and will be
2 following up with the Mayor regarding the staff
3 allocation, in terms of support for the demolition
4 program.

5 But there are things that are in the works
6 that have not yet been finalized so I'm unable to make
7 a firm commitment one way or the other until I have a
8 firm understanding of the actual time that will remain
9 to be left for a City employee to engage in that,

10 demolition tasks.

11 As the Mayor will be presenting to you later,
12 that there is some additional people and resources that
13 will be coming in that will be assuming much of the
14 responsibilities. And the one main responsibility that
15 will be left will be filing and I have an individual
16 who is capable of doing the filing.

17 MR. BURGESS: It would be my wish that the
18 Pontiac staff would come back at next meeting with a
19 staff decision as to how you're going to use your head
20 count.

21 MR. SOBOTA: In terms of this particular
22 question that's pending, the income tax position is
23 separated from the reorganization of the Treasurer's
24 office; it just happens to be going on concurrently.
25 But they're operating on separate tracks. So whether

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1 this position is hired or not is not going to have any
2 impact on the planned reorganization for the
3 Treasurer's office. It just so happens we happen to be
4 here at the same time.

5 MR. BURGESS: I really don't have any
6 problems with what you want to do. But I do have
7 problems with one side not really negotiating with the
8 other.

9 MR. SOBOTA: Right. And I understand that.
10 And the Mayor and I have had some communications but
11 we've had some difficulty sometimes getting some of our

12 schedules together. But I am talking to her. And the
13 final decision as to what's going to happen with the
14 staff allocation, assuming the City is able to attract
15 and hire a new City Treasurer, will be made a couple
16 months down the line, at least.

17 And we do have a staff person that will be
18 able to get us through the next Board of Appeals
19 meeting, which is the next key date when a lot of the
20 work needs to be performed, and that's in November.

21 MR. BURGESS: May I ask you just to work it
22 out?

23 MR. SOBOTA: Yes.

24 MR. BURGESS: And come back in October?

25 MR. SOBOTA: Nevrus, do you feel that --

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1 MR. NAZARKO: If that's what the Board wants.
2 But, as Joe indicated, this income tax administration
3 position shouldn't be factored into this discussion
4 because, together, the Treasurer and Deputy Mayor,
5 those were, in a way, permanent staff. And this,
6 although it will be permanent, it will be evaluated
7 from year to year. This income tax position that we
8 are talking about, it will do strictly enforcement. It
9 will be on a time schedule, meaning that, if it doesn't
10 meet our expectation or is not financially profitable,
11 so to speak, that position would not be -- you know,
12 will not be around.

13 However, the Treasurer position, you know, is
14 a Charter position and specific duties that are a long

15 time standing around here. So I want the Board to keep
16 that in mind. Whatever discussion is going on between
17 the Mayor and Joe, with the duties -- specific duties
18 of the Deputy Mayor, blight elimination and all that, I
19 don't see, in any way, shape or form, that discussion
20 impacting the Income Tax Administrator.

21 MR. SAWDON: What is the reporting
22 relationship of the income tax --

23 MR. NAZARKO: They will report to the Finance
24 Director.

25 MR. SAWDON: Okay.

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1 MR. NAZARKO: Technically, currently, I am
2 the acting Income Tax Administrator, too.

3 MR. SAWDON: Thank you.

4 THE CHAIRPERSON: Any further questions for
5 Mr. Sobota?

6 Does the Board wish to entertain a motion?

7 MR. SCHIMMEL: I will move the -- the item.
8 I'm sorry to say "the item". I will move the --

9 THE CHAIRPERSON: Recommending --

10 MR. SCHIMMEL: Yes.

11 THE CHAIRPERSON: -- hiring a full-time
12 person for this function?

13 Is there support for the motion?

14 The motion dies for lack of support.

15 Next item --

16 MR. CLINE: Mr. Chairman?

17 THE CHAIRPERSON: Yes.

18 MR. CLINE: Is there -- there could be a
19 different motion made, if the Board wishes, before we
20 move on.

21 THE CHAIRPERSON: Is there an alternate
22 motion that anyone wishes to make?

23 MR. NAZARKO: Can I make another point before
24 we discuss it? Any delay, at least we have to come to
25 a conclusion among the Mayor, myself and Joe, we need

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1 to move in that direction. We just sent out and I'm
2 going to mention that the financial reports, almost \$8
3 million in past due income taxes.

4 Furthermore, we have -- in our estimation, we
5 have close to, I believe, 6- to 800 businesses in town
6 who are not in compliance with the income tax
7 ordinance.

8 This is the only person or company, whichever
9 direction we go, that will follow up with that issue.
10 Every month that goes by, it's my firm belief and
11 understanding that we are losing revenue to the City
12 with that position. There is no other mechanism in
13 place, currently, that will do what that position --
14 that company or person is capable and -- and will do.

15 MR. CLINE: Mr. Chairman, I would recommend
16 to avoid this issue being killed, if you will. So
17 we're -- then we have to go back and reconsider that,
18 if the Board wishes the City come back with more
19 information or something, that you just vote to

20 postpone it until the October meeting.

21 THE CHAIRPERSON: Is there a motion to that
22 effect?

23 MR. BURGESS: Yes, I would move that the
24 staff -- I mean, that the Board discontinue this until
25 next meeting and, during the interim, that the staff

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1 will get together and work out the overuse use of the
2 head count for the City.

3 THE CHAIRPERSON: Is there a support for that
4 motion?

5 MR. SAWDON: Can I -- can I ask for an
6 amendment to that motion for --

7 THE CHAIRPERSON: (Nods head.)

8 MR. SAWDON: I think I'm -- I'm personally a
9 little confused on how everyone's going to look once
10 we're all done, as far as the way the organization is
11 going to look. If that additional information could
12 include an organizational chart before and after so I
13 just have a better feel where all the positions are.
14 Because I'm -- very frankly, the more it gets
15 discussed, the more confused I get and which would
16 cause some of my hesitation in supporting.

17 THE CHAIRPERSON: would you accept that, an
18 amendment to your motion --

19 MR. BURGESS: Yes.

20 THE CHAIRPERSON: -- Mr. Burgess?

21 And --

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22 MR. SAWDON: I would support.
23 THE CHAIRPERSON: You would support that?
24 Okay. It's been moved and supported to
25 postpone this issue until the October RTAB meeting and

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1 to have the administration prepare background
2 information about the impact of the administrator
3 position on the organization, including presenting the
4 Board with an organization chart depicting the
5 organization before and after the proposed change.

6 Any further discussion?

7 All in favor of the motion, say "Aye".

8 BOARD MEMBERS: Aye.

9 THE CHAIRPERSON: Opposed, same sign.

10 Motion is approved.

11 Next item is New Business. Approval of
12 Resolutions and Ordinances for City Council Meetings.
13 Number one, August 21st, 2014 Regular Meeting.

14 Mr. Cline?

15 MR. CLINE: Yes. This -- this meeting,
16 really mostly routine business, Approval of the
17 Minutes, acceptance of Committee Reports. The major
18 item within this meeting was the City adopted some
19 Title 6 compliance plans because of their acceptance of
20 federal -- federal monies. This is something they had
21 to have in place. We looked at those, didn't have any
22 concerns with it. We're recommending approval of all
23 resolutions from this meeting.

24 THE CHAIRPERSON: Thank you.

25 MR. SCHIMMEL: I'll move.

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1 MR. BURGESS: Second.

2 THE CHAIRPERSON: It's been moved and
3 supported to approve the resolution -- all the
4 resolutions from the August 21st meeting.

5 Any further discussion?

6 Seeing none, all in favor of the motion, say
7 "Aye".

8 BOARD MEMBERS: Aye.

9 THE CHAIRPERSON: Opposed, same sign.

10 All of the resolutions from the August 21st,
11 2014 meeting are approved.

12 Item two, the August 28th, 2014 Regular
13 Meeting.

14 Mr. Cline?

15 MR. CLINE: Again, fairly routine meeting,
16 you know, obviously they approved their minutes, the
17 major business item was the appointment of Lucy Payne
18 to the City Planning Commission. We did confer with
19 the City. The appropriate qualifications were met for
20 this appointment so we have no concerns about that. So
21 we're recommending approval of all resolutions from --
22 from the August 28th meeting.

23 MR. SAWDON: I'll make that motion.

24 MR. BURGESS: Second.

25 THE CHAIRPERSON: Been moved and supported to

1 approve all resolutions from the August 28th meeting.
2 Any further discussion?
3 Seeing none, all in favor of the motion, say
4 "Aye".

5 BOARD MEMBERS: Aye.

6 THE CHAIRPERSON: Opposed, same sign.

7 The motion is approved.

8 Next item is Number 3, September 4, 2014

9 Regular Meeting.

10 Mr. Cline?

11 MR. CLINE: Yes. Several -- several business
12 items of importance that were in this issue and I'll go
13 through my -- my conclusions on this. And then I don't
14 know if the City Administrator will want to elaborate
15 but one of the major items was the approval of the
16 settlement offer for the case Baldwin v Pontiac, that
17 would be in the amount of \$45,000. As I understand
18 from the City, the Oakland County Water Resources
19 Commission will be picking up the cost of that so there
20 will be no impact on the City.

21 The City is also asking for approval of a
22 resurfacing project for Martin Luther King Boulevard in
23 the amount of \$564,000. The City has reported several
24 times, I believe, to this Board and in their weekly
25 updates the condition of that road is -- is quite poor.

1 It did go out for bids on this. We did review that,
2 have no real concerns about their bid process that they
3 used. However, they do want to exercise a budget
4 amendment in their major street fund to use \$600,000 of
5 fund balance to help pay for this project. They do
6 have a -- they do have sufficient fund balance for
7 that. However, the budget amendment will require the
8 approval of the State Treasurer to -- to implement this
9 budget amendment.

10 So what we are recommending is that all the
11 resolutions from this meeting be approved with the
12 exception of Resolution 341, which is the proposed
13 budget amendment to the Major Street Fund. We
14 recommend approval of all those and then we will
15 address the budget amendments in the subsequent motion,
16 which we're also recommending an approval for.

17 THE CHAIRPERSON: Thank you.

18 Are there any questions for Mr. Cline from
19 the Board members?

20 I'll entertain a motion.

21 MR. SCHIMMEL: I so move.

22 MR. BURGESS: Second.

23 THE CHAIRPERSON: It's been moved and
24 supported to approve all resolutions from the
25 August 28th, 2014 (sic) meeting with the exception of

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1 Resolution 14-341, the Major Street Fund Budget
2 Amendment.

SR140917tab.txt
3 Any further discussion?
4 Seeing none, all in favor of the motion, say
5 "Aye".
6 BOARD MEMBERS: Aye.
7 THE CHAIRPERSON: Opposed, same sign.
8 Resolutions are approved.
9 MR. CLINE: And just -- just for the record,
10 we are recommending approval of Resolution 341 but that
11 would be a recommendation to the State Treasurer to
12 implement the budget amendment so we are recommending
13 that the Board take this action.
14 MR. SCHIMMEL: I'll move that as well.
15 MR. BURGESS: I second.
16 THE CHAIRPERSON: It's been moved and
17 supported to approve -- or to recommend Resolution
18 14-341 to the State Treasurer for approval.
19 It's been moved and supported. Any further
20 discussion?
21 Seeing none, all in favor of the resolution,
22 say "Aye".
23 BOARD MEMBERS: Aye.
24 THE CHAIRPERSON: Opposed, same sign.
25 The Resolution is for recommendation to the

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1 State Treasurer is approved.
2 Item B, City Administrator items, Number 1,
3 Residential Target Market Analysis.
4 Mr. Cline?
5 MR. CLINE: Yes. The City is attempting to
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6 partner with several other communities in the area to
 7 apply for a statewide partnership grant from MSHDA to
 8 conduct a Residential Target Market Analysis of the
 9 downtown area. A Target Market Analysis basically
 10 identifies an area's potential housing demand and it
 11 will break it down by demographics and who moves in and
 12 out of the area. And there's a lot of different
 13 criteria with this.

14 what -- what the grant requires is a
 15 50 percent local match. And these communities -- I
 16 believe there are six communities have broken it down
 17 based on -- partially upon size of their downtown area
 18 and -- I don't have it in front of me but there were
 19 some criteria.

20 The City has budgeted a maximum exposure of
 21 \$16,266 for this project. They estimate the cost of
 22 hiring a firm to come in and do this Target Market
 23 Analysis will be approximately \$75,000. If more
 24 communities were to join in, the City's amount may drop
 25 a little bit. If one, for example, would drop out,

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1 they may have to pick up a slightly higher percentage.
 2 But based on everything that they look at, they -- they
 3 see it not to exceed costs of the 16,266, have reviewed
 4 it, the City provided quite a bit of information on it.

5 I, myself, in communities I've worked for,
 6 I've done a similar project. I do think that they are
 7 pretty worthwhile. A lot of that information would

8 then be available for incorporation in, say, the city's
9 master plan. I think it would be useful for -- for
10 future downtown development. I personally don't have
11 any objection to this and I would recommend approval.

12 THE CHAIRPERSON: Mr. Sobota.

13 MR. SOBOTA: Yes. The reason we're
14 estimating maximum exposure, there's a caveat to the
15 grant. Remember, no -- there's no such thing as free
16 money. The string that is attached is as follows: If
17 we do not have any development, residential
18 development, within three years after the analysis is
19 completed, then the City will be responsible for paying
20 or repaying the balance of the grant. So we're putting
21 up 50 percent and we need some residential development.

22 I have very strong reason to believe, based
23 on recent media reports, that we will be having some
24 residential development downtown in the very near
25 future. I am also aware of another structure that was

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1 sold last year in which we granted an OPRA to that has
2 plans to convert to a residential building. So the
3 chances of having to pay the full \$16,000, I think, are
4 greatly reduced, we're looking more at the ^{\$8,133} 8133 as the
5 total cost to the City. But I, of course, need to
6 bring forward the possibility that there could be a
7 \$16,266 exposure.

8 MR. CLINE: And Mr. Chairman, if the Board
9 wishes to move forward with this, I would also
10 recommend that you put a not-to-exceed cost in the

11 approval of the 16,266 number. And I do understand
12 from the City Administrator that the City has
13 identified funds within their existing budget to cover
14 these expenses. So --

15 THE CHAIRPERSON: Thank you.

16 Any questions for Mr. Sobota or Mr. Cline?

17 MR. SAWDON: No.

18 THE CHAIRPERSON: All right. I'll entertain
19 a motion.

20 MR. BURGESS: I so move.

21 MR. SCHIMMEL: I'll support.

22 THE CHAIRPERSON: It's been moved and
23 supported.

24 Mr. Burgess, could you elaborate on whether
25 you want to include the not-to-exceed?

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1 MR. BURGESS: Yes, 16,266.

2 THE CHAIRPERSON: So it would be your -- your
3 motion to approve the request for a Target Market
4 Analysis and with a not to exceed a price of -- or a
5 commitment of \$16,266?

6 MR. BURGESS: That's correct.

7 THE CHAIRPERSON: All right. It's been moved
8 and supported.

9 Any further discussion?

10 MR. CLINE: I'm sorry. Who supported?

11 MR. SCHIMMEL: I did.

12 THE CHAIRPERSON: Mr. Schimmel made the

13 motion and Mr. Burgess supported it -- or reverse.

14 Reverse.

15 MR. CLINE: Okay.

16 THE CHAIRPERSON: I'm sorry. Reverse.

17 Seeing no further discussion, all in favor of
18 the motion, say "Aye".

19 BOARD MEMBERS: Aye.

20 THE CHAIRPERSON: Opposed, same sign.

21 The motion is approved. Item Number 2 under
22 the City Administrator's items. Income tax
23 enforcement, that was addressed under the old business
24 portion of the agenda. Item Number 3, Downtown Parking
25 Management.

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1 Mr. Cline?

2 MR. CLINE: Yes. We received quite a bit of
3 information on this so I'll try and summarize it this
4 way: The City is considering amendments to their
5 parking ordinance which would, in effect, turn over
6 parking management in the downtown area to the local
7 Downtown Business Association. The City, the way it
8 has been explained, needs to look at adopting these
9 various ordinance amendments that we will then review.
10 They have also worked out, apparently, an operational
11 agreement with the business association.

12 However, the City Council did not adopt the
13 ordinance amendments in time for this meeting. There
14 was some consideration that they adopted it in a
15 subsequent meeting prior to today, we still consider it

16 but that also did not occur. The agreement with the
17 Business Association was adopted. However, that also
18 fell outside of our normal review period for this
19 meeting.

20 But in light of the fact that the ordinance
21 amendments have still not been adopted by the City, I
22 would not consider it prudent on our part to adopt an
23 agreement without the subsequent ordinance amendments.
24 Therefore, I think the City is still in the process of
25 working this out.

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1 So this, naturally, would fall within the
2 review period of our October meeting. So in light of
3 all of that, I'm recommending, given all the
4 information that we received, that the Board just file
5 a motion to receive and file and we will address this
6 issue in October.

7 THE CHAIRPERSON: Mr. Sobota?

8 MR. SOBOTA: I have no objection to that
9 suggestion. I think it's in the best interest that
10 this process continue to be evaluated.

11 THE CHAIRPERSON: Yes, Mayor.

12 MAYOR WATERMAN: Thank you for this
13 opportunity to address on this issue. This is an
14 important issue for the City for downtown development
15 and I did forward you -- I was one of the ones who
16 forwarded some information, particularly from the PDBA
17 members, the president of whom is here right now, as

18 well as a Board Member who have spoke on behalf and who
19 were part of the arrangement to work out this
20 arrangement between the City and the PDBA as well as
21 the Court, which was involved in this whole process.

22 The initial process had to be forestalled
23 because of some issues with the original State
24 Statutes. And so, with the City attorneys, they
25 drafted these ordinance amendments as well as the fact

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1 that these contract amendments were also devised.

2 Now, I know everybody knows that this needs
3 to be done for downtown. The businesses are dying
4 downtown and the fact that the PDBA wants to work with
5 this expeditiously because they want to get these
6 meters installed before winter hits. This is the
7 original contract that you set out, Mr. Schimmel,
8 before you left. So I would --

9 One of the things that they're trying to do
10 is go ahead and get this passed so that they can get
11 this contract started. And I think they're here, they
12 may have sent some additional information but I did
13 send letters from a number of people, including the
14 head of the group, the Core Group that just announced
15 \$40 million to development downtown. And they're using
16 this issue as a litany of tests to see whether Pontiac
17 is ready for this kind of development.

18 So I -- Counsel, in his great prudence, was
19 concerned that their wishes, in terms of the amendment
20 for the contract, would not be honored.

21 There is already an ordinance in place.
22 There was a parking ordinance in place. The thing that
23 this ordinance will allow is the creation of a Parking
24 Bureau, which is necessary for the Court to -- they say
25 the Court couldn't enforce it the way it was originally

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1 conceived.

2 So passing this contract amendment right now
3 would allow the PDBA to go ahead and move on with
4 ordering of the meters and get that in place in the
5 time that they had hoped for. And a number of
6 organizations and businesses are holding on downtown,
7 just hoping that we can move forward.

8 That was my interest in getting involved with
9 this process when I saw that it was not moving the way
10 we originally had intended. And we have all the
11 agreements from all respective parties. We hope the
12 RTAB will also expedite this process and realize the
13 importance to downtown development and get this passed.

14 They can move ahead with the ordinance with
15 amendments. The ordinance, City Council has indicated
16 that they will take that up once they know that the
17 contract has been approved.

18 THE CHAIRPERSON: Mr. Sobota.

19 MR. SOBOTA: The current situation is that
20 the PDBA and the City have an active enforceable
21 agreement in place. The PDBA can execute the
22 implementation of the parking management system today,

23 if they so chose. There is a Parking Violation Bureau
 24 in place in the City, it is the 50th District Court.
 25 The proposed amendment would have moved it to City

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1 Hall, which has caused a bit of controversy. The only
 2 amendment that was required for the PDDBA to fully
 3 operate the system, as they had intended, was to
 4 create, amend one small portion that would indicate
 5 that the failure to pay a violation would result in a
 6 civil infraction.

7 So, in other words, if people don't pay, the
 8 present ordinance doesn't have an enforcing mechanism.
 9 But there's nothing that prevents the PDDBA from
 10 operating, at this time. Our City attorney confirmed
 11 that at the last City Council meeting last week. I
 12 have expressed my disagreement with the proposed
 13 contract. And I don't want to get into that at this
 14 time. I believe that the recommendation from Mr. Cline
 15 is probably very wise.

16 I'm confident that the PDDBA will be able to
 17 move forward and that the City Council, the elected
 18 officials, the PDDBA and myself will all be able to be
 19 on the same page. But right now we're not.

20 THE CHAIRPERSON: Questions for Mr. Sobota?

21 So are you saying that the -- the proposal
 22 for parking meters and so forth could begin moving
 23 ahead now and would not be forestalled until October if
 24 the Board took no action on this?

25 MR. SOBOTA: That's correct, there's no legal
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1 impediment to move ahead with the process. The only
2 problem -- and they're not even going to get there in a
3 month -- is that if violations were issued and not
4 paid, there's no enforcing mechanism to collect on
5 those.

6 MR. SCHIMMEL: Mayor, I'd just like your
7 response. I'd like to do this but I -- I -- I'm
8 hearing that you can't. So I guess I'm -- we're
9 sitting up here, we'd like to know what to do.

10 MAYOR WATERMAN: And I'd like to be able to
11 help you. I think there are some people here who would
12 like to be able to help you, too. This contract
13 amendment was agreed to by all of the respective
14 parties. We brought everybody to the table because we
15 realized that there was -- initially, it was botched
16 and got misconstrued.

17 So when I was asked by Council and by the
18 Court to get involved, I was able to bring them
19 together and we came to this agreement. That's here
20 and that's ready and every --

21 And, in fact, when the City attorney was
22 drafting these responses, Mr. Sobota signed off on
23 those, apparently. So it was quite a surprise when
24 Council was ready to vote on this last Thursday and
25 Mr. Sobota was questioned about, you know, what was it

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1 going to take on these contract amendments and he, you
2 know, then admitted to Council that he was going to go
3 against them.

4 So Counsel decided that they would rather
5 make sure that the contract amendments that they had
6 proposed would be accepted and then they would be
7 willing to go ahead and pass the ordinance amendments.

8 So I think -- I don't know who works first
9 here but I'm just trying to move this along. ~~PDA (STC)~~ **PDBA**
10 wants to move this along. Everybody's agreed, the
11 attorney has reviewed it, it's just for you to review
12 and to approve. And I think Council has indicated an
13 interest in going ahead and getting the Parking
14 Violation Bureau started at the next meeting. So I
15 don't know what the -- I don't know why ---

16 MR. SCHIMMEL: So Mayor, is this a matter of
17 who does what first?

18 THE CHAIRPERSON: You're shaking your head,
19 Mr. Sobota.

20 MR. SOBOTA: No.

21 MR. SCHIMMEL: What -- there's an issue here.

22 THE CHAIRPERSON: What is the issue?

23 MR. SCHIMMEL: We need to know what the issue
24 is here. What's going on?

25 MR. SOBOTA: The issue is that the City and

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2 amendment to the contract is only made where the
3 elected official has indicated, "If you want this
4 ordinance passed, we need money." So one of the PDBA
5 members came on and said, "Well, how much do you need?"

6 The mayor said, "\$8,000."

7 Council said, "Well, we're not voting on it
8 until we have an agreement."

9 So the PDBA, I'll say, was strong-armed into
10 agreeing. They agreed to the agreement. I have
11 represented my objections as to, number one, the method
12 in which this negotiation, if you call it such, took
13 place and the significant economic detriment to the
14 City in the event that this agreement actually goes
15 into effect.

16 I have over -- I have identified at least six
17 reasons why this should not even be considered and I
18 think that we need to work with the -- I need to work
19 with the elected officials to have them understand what
20 the financial -- true financial implications are. I
21 honestly believe that this amendment will cost the City
22 money. It is not required.

23 And in the proper business situation, the
24 only item that the PDBA would need to complete their
25 program is a small amendment to the ordinance that

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1 would allow for the collection of unpaid violations.
2 There is no amendment needed to the contract. That is
3 what the elected officials have agreed to say; "We need

4 this passed first before we even consider the amendment
5 to the ordinance." I don't think it's a proper method.

6 And I will say this: I firmly believe that,
7 if the elected officials could, that this contract
8 would be broken because there is a belief that the
9 industry should be managing downtown parking and the
10 parking system and, through all of the strong-arm
11 arguments that were made, this is what actually
12 resulted and the PDPA was placed in a position where
13 they couldn't quite say no.

14 It was made clear that Council wasn't going
15 to vote on the ordinance. They saw it for themselves
16 at a prior meeting where the Council wouldn't even give
17 notice that they would be giving a vote on the
18 ordinance, which was all that would have been
19 requested, which would allow for the ordinance to make
20 the TAB deadline.

21 It's a process issue, it's an economics issue
22 and, personally, I -- I believe that this is really a
23 bad contract for the City and it is unnecessary. And
24 probably another month would be a perfect opportunity
25 for all parties involved to discuss this issue again

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1 and come to a -- another TAB meeting in October with
2 a -- hopefully, a better recommendation. But what I'd
3 really like to see, at some point, is the ordinance
4 voted on, up or down.

5 THE CHAIRPERSON: The ordinance to create a
6 Civil Infractions Bureau?

7 MR. SOBOTA: Correct -- oh, no, not to create
8 a Civil Infractions Bureau. We already have a
9 municipal Traffic Violation Bureau, that's the 50th
10 District Court. So that isn't required.

11 The suggestion that was made was to move it
12 to the City Treasurer's office, which I had agreed to,
13 being that the court is complaining that they already
14 have some staffing issues, et cetera. And at the time
15 that Mr. Schimmel signed the contract, we were going to
16 be closing our Treasurer's office and moving it to
17 Oakland County.

18 So having the Parking Violation Bureau in
19 City Hall was never an option. Now it's a viable
20 option. It's a much better option for the City. It
21 alleviates the issues that the 50th District Court have
22 identified so that's also addressed in the ordinance
23 but it isn't necessary to move forward at the present
24 time because the 50th District Court was serving as the
25 Parking Violation Bureau when the Downtown Development

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1 Authority was managing the parking system for the City.
2 So all the systems are already in place and are still
3 being used to this day because we have tickets that are
4 still coming that haven't been paid.

5 MR. SCHIMMEL: Mr. Chairman, is it out of
6 order here for me to ask somebody in the audience a
7 question?

8 THE CHAIRPERSON: If the Board is in

9 agreement, I have no objection.
10 MR. BURGESS: I have no disagreement.
11 THE CHAIRPERSON: Mr. Sawdon?
12 MR. SAWDON: Go ahead.
13 MR. SCHIMMEL: I don't like to do this but
14 the only reason, fellow Board Members here, I do is
15 this is sort of a favorite of mine with Glen, forever
16 and ever, to do this and I'm kind of interested in what
17 his thoughts are on all of this.
18 MR. KONOPASKIE: My name is Glen Konopaskie.
19 I'm president of the Pontiac Downtown Business
20 Association. For us, our businesses are dying, plain
21 and simple. Delaying things another month, some people
22 don't think is an issue. We are going to lose
23 businesses over the next eight weeks. The only way
24 we're going to get meters installed is if our partner,
25 SP+ decides to make a \$130,000 investment in us. We

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1 have struck a management agreement with them. It's up
2 to them to assess the risk assessment on whether to
3 come in or not.
4 MR. SCHIMMEL: Okay. So now I know where
5 you're coming from here but I want to know, I guess --
6 I guess I'm back to Joe here. If we pass this -- what
7 worries you if this is passed; what is your worry here?
8 MR. SOBOTA: I have six reasons that I have
9 identified. The first reason is that we are treating
10 one contractor differently than others in the City.
11 When Mr. Schimmel was here, he signed three agreements

12 with contractors to provide services to the City, in
13 which the City would have some sort of responsibility,
14 potentially some sort of oversight but, really, without
15 any reimbursement, if you will, coming into the City.
16 That was with Star EMS, Detroit Memorial Park, the
17 cemetery services, and with the PDBA.

18 with the PDBA, we did provide PDBA \$50,000 in
19 start-up funds in order to have this system operate.
20 Because we knew, as the City and the PDBA, that they
21 would be unable to implement any sort of a program
22 without some money. There was a small administrative
23 fee that was incorporated in the agreement, about one
24 percent of violations processed. At the time we had
25 estimated \$50,000 in tickets, which was about \$500,

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1 which more than covers any sort of the time that the
2 City would be incurring.

3 So there is a difference now because there is
4 a proposed amendment that, instead of -- that would
5 require the PDBA to pay the City \$8,000 a year. We now
6 know an estimate that there are about 2,000 violations
7 that will be issued.

8 MR. SCHIMMEL: Can I interrupt you right
9 there? The PDBA pays the City \$8,000. The PDBA is
10 sitting right behind you there. Does he have an
11 objection to that?

12 PATRICE WATERMAN: No, he didn't.

13 MR. SCHIMMEL: Do you have an objection to

14 that?

15 MR. KONOPASKIE: Our Board's actually agreed
16 to it and we're putting it to a vote this evening.

17 PATRICE WATERMAN: Thank you.

18 MR. SCHIMMEL: Okay.

19 MR. KONOPASKIE: Our -- one thing in the
20 addendum is, right now, we reevaluate it at the end of
21 each year, to make sure that the City's costs were
22 covered. It would be nice if it was covered both ways.

23 MR. SCHIMMEL: So from a cost standpoint,
24 Joe, what's --

25 PATRICE WATERMAN: What's the problem?

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1 MR. SCHIMMEL: We're getting money here.

2 PATRICE WATERMAN: Thank you.

3 MR. SCHIMMEL: Please. Please don't
4 interrupt. Okay?

5 PATRICE WATERMAN: But thank you.

6 MR. SOBOTA: The \$8,000 charge to cover the
7 City's costs for processing, the payment is really
8 unjustified. Both Mr. Nazarko and I have repeatedly
9 stated that, if the Parking Violations Bureau were
10 moved to the Treasurer's office, the City would not be
11 incurring any additional costs.

12 MR. SCHIMMEL: Okay. What are your other
13 objections?

14 MR. SOBOTA: Okay. This is a -- this is a
15 major one. All money that the PDPA was going to
16 realize from this program was going to be reinvested in

17 downtown Pontiac, which is part of the National Main
18 Street Program. The National Main Street Program has
19 empirical data that demonstrates, for every dollar that
20 is invested in downtown management, there is a return
21 of \$33.28. So that \$8,000 will cost the City of
22 Pontiac \$266,240 per year and \$2,396,160 during the
23 life of the agreement in lost reinvestment value in
24 downtown, which, of course, will result in the
25 un-realization of property taxes and income taxes

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1 that -- that comes from that reinvestment.

2 So from a financial standpoint, those are
3 the -- that -- those are the three main ideas.

4 MR. SCHIMMEL: Okay.

5 MR. SOBOTA: I'm looking at the long term and
6 the economic impact, rather than at the short term
7 because the City Council has indicated they're going to
8 take the \$8,000 and put it in fund balance. I would
9 rather see that money reinvested.

10 MR. SCHIMMEL: It's pennies.

11 MR. SOBOTA: I know it's pennies. And
12 actually, when you look at what the costs are for the
13 City, if you will, to process this, we're looking at a
14 minute a transaction and --

15 MR. SCHIMMEL: Okay.

16 MR. SOBOTA: -- we don't -- the costs just
17 aren't justified. And I believe that the tactics that
18 were used to get to this point were unfair to the PDDBA

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19 and placed them in a bad position.

20 MR. SCHIMMEL: Okay. I'm -- thank you for
21 going along. I'm -- I'm good, guys. Thanks.

22 THE CHAIRPERSON: The question I have is, if
23 we were to pass this amendment, what's -- what's the
24 next step the PDPA is going to take?

25 MR. KONOPASKIE: The amendment allows us to

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1 move forward with confidence with our vendors to place
2 a \$130,000 order for equipment and a \$120,000 order for
3 new signage and plan the installation and roll out over
4 the next six to eight weeks. And we can start that
5 tomorrow.

6 THE CHAIRPERSON: All right. And if we did
7 not pass it today, you would not proceed with that
8 contractor?

9 MR. KONOPASKIE: It's up to them. We have a
10 management agreement with them. They're actually
11 paying the full cost of the roll out, out of their own
12 pocket, for the metering system. It's up to their
13 executive team, whether they want to take that risk or
14 not. I'd rather not put them in that position to make
15 that decision. That could significantly have a
16 financial impact on the downtown.

17 MR. SCHIMMEL: Mayor, is the -- is the
18 Council going to respond favorably if this were passed
19 today and do what they're supposed to do?

20 MAYOR WATERMAN: The Council --

21 MR. SCHIMMEL: You --
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22 MAYOR WATERMAN: -- would --
23 MR. SCHIMMEL: -- may --
24 MAYOR WATERMAN: -- look --
25 MR. SCHIMMEL: -- talk.

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1 MAYOR WATERMAN: -- favorably. Yes, they
2 would.
3 MR. SCHIMMEL: All right. I know what I need
4 to know. Thanks.
5 THE CHAIRPERSON: All right.
6 MR. SCHIMMEL: Can I make a motion or not?
7 THE CHAIRPERSON: Is there any further
8 discussion from the Board Members?
9 Seeing none, I'll entertain a motion.
10 MR. SCHIMMEL: I just think we need to put
11 this to rest and I guess I don't see the danger here of
12 passing it, Mr. Sobota. So I'm going to make a motion
13 that -- not to delay it but to approve it.
14 MR. CLINE: Just for clarification, this
15 would be the agreement between the City and the
16 Business Association? Because the Council has not
17 acted on any ordinance amendments so we -- we cannot
18 act on that because there's nothing to act on.
19 MR. SCHIMMEL: A good point. Yes.
20 MR. CLINE: And, by my understanding, we did
21 not -- I did not review this from the standpoint that
22 any of this could be implemented from the existing
23 agreement. I -- I entered -- I reviewed this from the

24 standpoint of what was being asked of us, which was to
25 look at the ordinance amendments, which,

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1 conceptionally, we really have no concern over. But
2 the issue that we have is that we cannot act upon it
3 because the City Council has not acted upon it.

4 Now, my understanding is that this new
5 agreement between the City and the Downtown Business
6 Association is somewhat, to some degree, predicated
7 upon how the situation will be with the agreement -- or
8 with the ordinance amendments in place.

9 Now, if I understood correctly, the Downtown
10 Business Association hasn't even approved this
11 agreement. The City has but, if I understood
12 correctly, they are the only one. So we would be
13 granting approval for an agreement that one party to
14 the agreement has not yet approved itself, which is
15 also predicated upon ordinance amendments which haven't
16 even been adopted. Now, if the Board wishes to act on
17 that, that's perfectly fine. I just want to make it
18 clear that, as I see it, those are the conditions under
19 which we are asked to make a decision here.

20 MR. SCHIMMEL: Now, Mr. Cline, you make a
21 good point. I -- you know, I think we have to be
22 careful as a Board not to be running the City and we
23 were to -- were to approve or disapprove of whatever
24 the City does. So I guess that is somewhat of your
25 point, is it not?

1 MR. CLINE: Yes.

2 MR. SCHIMMEL: Somewhat of the dilemma?

3 MR. CLINE: Which is why we're waiting for
4 this to sort itself out. If it is correct that all
5 parties can move forward under the existing
6 arrangements, we would be considering the amendments in
7 the October meeting anyway and it would give an
8 additional period of time for all these details to sort
9 themselves out, which is why the recommendation was to
10 made -- made to receive and file this Information and
11 then we would just take it up again next time.
12 However, if the Board wishes to go in a different
13 direction, I understand. I just wanted to point this
14 out for -- for clarity for all of you.

15 MR. SCHIMMEL: Well done. I guess I'll let
16 my fellow Board Members decide in what direction you
17 want to go. I don't want to make a motion.

18 MR. CLINE: Well, are you withdrawing your
19 motion?

20 MR. SCHIMMEL: I'm withdrawing it for the
21 moment, yes.

22 THE CHAIRPERSON: All right. Is there a
23 motion?

24 MR. SAWDON: Well, I'll make a motion to file
25 and receive.

1 MR. BURGESS: I'll second.

2 THE CHAIRPERSON: It's been moved and
3 supported to file and -- receive and file the
4 Information. Further discussion?

5 MR. SCHIMMEL: I believe this is like the
6 issue we had earlier. I guess we just got to get
7 everything in order.

8 THE CHAIRPERSON: Any further comments?

9 All in favor of the motion to receive and
10 file the Information regarding the Downtown Parking
11 Management issue, say "Aye".

12 BOARD MEMBERS: Aye.

13 THE CHAIRPERSON: Opposed, same sign.
14 Motion is approved.

15 Next item on the agenda is Non Action Items,
16 Monthly Financial Report, July of 2014.

17 MR. NAZARKO: Actually, this should be
18 August 2014, Mr. Chair.

19 THE CHAIRPERSON: Thank you.

20 MR. NAZARKO: Given the fact that we had long
21 discussions on previous issues, I'm going to keep this
22 short and sweet. Our financial situation looks stable.
23 During the month of -- the first two months of the
24 fiscal year, we collected, more than the same period,
25 for 2013 income taxes, in the tune of \$102,000.

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1 The other item that I'd like to mention is
2 that during the month of August 2014, as I indicated
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3 earlier, we sent out 70,450 letters to delinquent
4 taxpayers; that includes delinquent non-filers for the
5 years 2010, '11 and '12. So some of those are repeat
6 non-filers and some others are new.

7 We have had a huge response back from the
8 recipients, via our office and via the contractor. I
9 was given a stat that, last week, every five seconds
10 there was a call into their offices or our offices for
11 some type of clarification or help with the issue.
12 We're working very hard in that regard and I'm
13 expecting some positive outcome from that effort.

14 And the last item I'd like to mention, I
15 believe I brought that before the Board in previous
16 reports. But during the process of myself reviewing
17 the bank accounts that we had with various
18 institutions, one of them was the Affinity Credit
19 Union, next door, and I discovered that there was a
20 \$40,000 -- approximately \$40,550 or \$-49 that was
21 sitting there with kind of like a dual ownership, so to
22 speak. The City of Pontiac was there, so was the
23 Library. However, the tax ID was ours and the
24 authorized signer on the account was my predecessor
25 from 15 years ago.

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1 Therefore, I decided to -- I kept -- first,
2 my step was to keep that money from escheating to the
3 State of Michigan because then it becomes, you know,
4 more difficult to get that money back. So I succeeded

5 in that by making a small deposit in the account.

6 I have talked with the Mayor, City
7 Administrator and the Library how to because the
8 Library has put a claim forward to that money, saying
9 that since the name is there, "It says 'The City of
10 Pontiac Library', it's ours."

11 However, I read the separation agreement
12 under Mr. Schimmel's -- the Library and the City. And
13 it's my firm belief that that money belongs to the City
14 of Pontiac. However, to -- to avoid any litigation
15 costs that has now been -- anybody. I believe we're
16 about to lose, the Library and us, I have put forward
17 the proposal that Mayor did not -- Mayor withdrew from
18 that, having her approval, because she's a member of
19 the Library Board --

20 -- it's my understanding, Mayor ---

21 And however, the City Administrator and I
22 have an agreement saying that if the Library agrees to
23 split that \$40,000, 50/50, that will -- you know, we
24 will go forward. However, that will go before the City
25 Council for their approval. And if they approve, you

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1 will see it at the meetings next month on the agenda,
2 just to give you a heads up. And just so you know that
3 that was not booked. You know, the reason I'm bringing
4 it up is because it did not show up in any financial
5 statements from before.

6 However, as of June 30, 2014, that \$40,000 is
7 there as cash in the City's account for now. But, you
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8 know, when we resolve it, I will have more information
9 for you.

10 And that concludes my Financial Report
11 presentation.

12 THE CHAIRPERSON: Thank you.

13 Any questions for Mr. Nazarko?

14 Thank you, Mr. Nazarko.

15 Next is the Mayor's report.

16 Mayor Waterman.

17 MAYOR WATERMAN: Yes. Good afternoon.

18 THE CHAIRPERSON: Good afternoon.

19 MAYOR WATERMAN: Gentlemen, I wanted to start
20 out with the fund balance, because that's good news but
21 I just -- in light of the previous discussion, I just
22 feel that I have to say this: What happened could be
23 injurious to the City and the relationship with the
24 City of the downtown businesses who had been in faith
25 that we were going to move in their best interest and

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1 move this forward.

2 I know you seem confused because of the
3 discussion that was going on, which was really
4 unnecessary. It started out just to kind of lay it
5 down to you for further consideration. The Court early
6 on, apparently for -- since April or May, had been
7 sending indications that the -- the contract, as it was
8 negotiated between the PDBA and the vendor, was
9 against -- they couldn't enforce it, according to the

10 way the State Statute was.

11 Now, I try to stay in my own lane, you know.
12 I know there's certain things I'm assigned to and
13 Mr. Sobota is allowed to do the same. So I stayed in
14 my own lane. But when I got that information from the
15 Court, I asked Mr. Sobota, "What about this? How are
16 we going to, you know, accommodate for that?"

17 And he said, "That's okay. I got it taken
18 care of." So I didn't pay any attention to it. There
19 is a subcommittee of the City Council that also was
20 wary of the same thing. And so they also asked me to
21 get involved and see what was going on and I'm
22 realizing and I went back to Mr. Sobota. And he said,
23 "It's okay. We know that the Court can enforce it with
24 the meters. We're going to throw up some speed signs
25 and that will be okay."

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1 And I said, "No, you can't do it that way
2 because the whole contract is based on meters, you
3 can't run a delusion on the City of Pontiac, we got to
4 do it the right way."

5 So we went back to the City Attorneys. They
6 redrafted that ordinance, according to the State
7 Statute. And that's what this is all about. So when
8 and if it was redrafted, instead of having the Civil
9 Infractions, there were violations that were going to
10 be issued, to -- to make sure that this complied with
11 the State Statute. And once there were violations,
12 that means we had to create a Parking Violation Bureau

13 within the City.

14 So now under the original contract that you
15 drafted, Mr. Schimmel, the City was to get 1 percent of
16 the collections, okay, minus some costs. So, as there
17 were \$50,000 collected in fees, the City would get
18 \$350. All right?

19 Now, because the Court was no longer able to
20 administer their part of it and the City was going to
21 have to administer, we just -- and the PDBA agreed we
22 need to renegotiate that so the City can recover their
23 costs for having to assume that level of
24 responsibility.

25 Now, I'm hearing, you know, and Mr. Sobota's

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1 put in his objections, as you've heard, you know, some
2 of them have been -- I don't understand where he's
3 coming from on some of them. But there are costs.
4 We -- we spent maybe \$4,000 just in attorney's costs.
5 So there are costs adhered to the City for taking their
6 part in that.

7 And that's what the PDBA agreed with; there's
8 no problem with the City having some value in the
9 services it does. So this is what this is all about,
10 in addition to the fact that there were some other
11 minor twinges and changes.

12 So we got everybody around the table, the
13 Court, PDBA, Counsel, myself, City Administrator, and
14 they all agreed on this. So now that this is being

15 hammered as some kind of strong-armed arrangement is, I
16 think, a little ludicrous. And I think it also
17 reflects the fact -- and one of the things that's
18 holding us up is that there's kind of a loss of faith
19 between the Counsel and Mr. Sobota because of the
20 way -- and you can see the way this -- this has been
21 going on, this controversy has been dragging out.

22 And that's why I interceded, you know,
23 because I felt that it's being -- the controversy is
24 being drug out and we needed to come to real answers
25 that would be amenable toward the kind of situation we

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1 needed for the Downtown Business Association for the
2 City of Pontiac.

3 So that's what this is about, you know. And
4 I think there has been no harm in the amendments to the
5 contract that would allow the PDBA to move forward,
6 with some certainly, would allow the -- some of those
7 ill will feelings to have been resolved. I think -- I
8 think part of ^{Council's} Counsel's trepidation was the fact that
9 they were -- you know, condescended to when they were
10 talked to in Council meetings.

11 And when I was at the podium, I was, at one
12 point, interrupted and shouted down by Mr. Sobota. He
13 had to be brought under order. So this is the kind of,
14 you know, lack of faith that's going on right now and
15 underseeds the issue. But I'm disappointed that didn't
16 happen. There were a lot of people who I was pushing
17 along was hoping that I could move this issue. But in

18 your better wisdom, it's going to be deferred so we
19 will see where it goes from here.

20 Getting back to the fund balance, I think we
21 talked about the fact that the fund balance has now
22 reached 15 percent at the end of June 30th, that we
23 closed the books, we've reached that 15 percent surplus
24 revenue budget. That's one of the benchmarks that we
25 were asked to achieve. So we're happy to do that.

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1 Treasury had asked us to do a fund balance policy. It
2 has been drafted in collaboration with myself, the
3 Finance Director and Mr. Sobota.

4 Council -- we have not shared with Council.
5 I want to do that as part of the budgetary process so
6 they can also know what the fund balance policy means.
7 But, as somebody said, it's nice to have a fund so you
8 can have a policy. One of the things, as we drafted
9 ours, we had to look hard, the Finance Director had to
10 look hard to find a City that we can compare with and
11 the only cities he could find close -- that he used for
12 an example was Rochester, Michigan and then El Paso,
13 Texas, of all things.

14 So anyway, it's nice to have a fund balance
15 and that was one of our benchmarks and I mentioned
16 that, particularly, because that was a benchmark that
17 we -- when we achieved, we would have some
18 discretionary spending. So I just wanted to bring that
19 back up. I see now -- it was just handed to me -- that

20 we do have something called an RTAB Community
21 Evaluation Criteria, which is other criteria. I hope
22 this doesn't differ from what we were told originally
23 when I asked what the benchmarks are. But I haven't
24 had a chance to review that yet.

25 I'll go over the other things quickly. The

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1 Phoenix Center litigation. The condemnation case
2 that's proceeding. And this is, as I told the RTAB,
3 one of the most controversial issues in the city. I
4 get more questions about this than any other. And one
5 of the things that I try to make sure is to set in
6 place something that people can have a factual -- you
7 know, the real facts as opposed to facts that are
8 skewed for one side or the other.

9 whichever side of the issue, you'll find that
10 there's a lot of passion in it. And I passed out some
11 literature that has been going out recently just to
12 show you how passionate this can come. So we still
13 want to have that kind of community dialogue. I think
14 people are entitled to know how their tax dollars are
15 being spent. But the most important thing is to have a
16 plan. I tell people either way, you know, you need to
17 have a plan that meets our financial obligations. So
18 that's where that is right now. I have more to report
19 to you.

20 The retiree health issues, Judge Avern Cohn
21 is the newly assigned judge for this matter and he has
22 ordered facilitation which the City -- on behalf of the

23 city, were agreed to. I've already been in contact
24 with the Treasury about ways we can be in communication
25 as this proceeds so that we can make sure that you're

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1 informed and don't have to double back later on, if we
2 are able to come to some conclusions.

3 In talking with the City Attorney, the only
4 things are some settlement things about who's -- about
5 sharing costs for the facilitation. And one of the
6 things -- one of the inclinations he has is that,
7 although this particular case revolves around the two
8 years in which the retirees were given \$400 in place of
9 their health insurance payments, that he had some
10 information from the judge that there might be a more
11 global settlement even going forward because of the
12 people that the judge wanted to be part of the
13 facilitation. This is just an inclination but we'll
14 see what turns out with that.

15 Blight. And we are really ready to move
16 ahead with this blight project. I've talked to you
17 both in the past about Mr. -- the Pulte organization
18 that wants to help us with this. Bill Pulte himself
19 has stepped forward to be the lead person on this and
20 what I've circulated to you is just the draft of the
21 demolition plan that he had put forth, sent to me a few
22 days ago.

23 And one of the costs of this is the software
24 to do this City-wide survey as well as the -- the "At

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25 will" contract that has the software to also follow the

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1 demolition process from start to beginning, which there
2 is no funding for right now. So, as we're ready to do
3 this, we've accumulated a very large group of people
4 who are ready to move as well as to keep down the cost
5 for some of this. We've also gotten volunteers who are
6 ready to be trained.

7 And so, as we do this, that's why I brought
8 up earlier, I'm just concerned that, you know, we do
9 have a staff person to handle this. We got one half
10 person who is here and they're getting ready to leave
11 full time and I told Mr. Sobota we need to, you know,
12 get somebody in place and found out that this
13 placement, in some way, was tied up with, you know, his
14 other staff allocations. But I'm glad you asked for
15 staff allocation.

16 On one hand, I hear there are some people who
17 are -- don't have enough to do and, on the other hand,
18 this is a very big project. If we want to carry it
19 forward and have our City be able to do their part of
20 it, have this be a project which the whole plan is to
21 eliminate blight in the City of Pontiac, both
22 structural and un-structural blight, I can't tell you
23 what a value that would do for the City of Pontiac.

24 So I wanted to move forward with this but we
25 need to know that we have staff support in place.

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1 There are certain clerical and just environmental
2 things that need to be done that we need to have that
3 kind of person.

4 I didn't think since that Mr. Sobota felt
5 that that was something that should be assigned to a
6 Deputy Mayor who's here for a managerial and executive
7 position as opposed to the staff position that involves
8 those kinds of skills. So that's where we are on the
9 blight elimination and I will hold more to report to
10 you next month.

11 THE CHAIRPERSON: Thank you, Mayor Waterman.
12 The next item is the City Administrator
13 Report.

14 Mr. Sobota?

15 MR. SOBOTA: Since our last meeting, I have
16 some good news to report from the litigation side.
17 Three cases, lawsuits against the City, have been
18 dismissed; two regarding Mr. Clixby who was alleging in
19 both Federal and in State court that the City's rental
20 fees are in violation of State law. Both cases were
21 dismissed.

22 And the third case that was dismissed was an
23 allegation that the City had a home improperly
24 demolished. We were not the contracted party for that
25 particular incident so we were dismissed from that

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1 particular litigation. So I anticipate, on the next
2 report from the MMRMA, that our loss exposure will
3 continue to decrease.

4 On the other side of the ledger, with
5 workers' compensation liability, the cases that we are
6 actively pursuing for settlement appear on our books
7 for long-term liability, however, these are employees
8 who were associated with the water and sewer funds.

9 And as a result of the transfer of assets to
10 Oakland County Water Resources Commission, if we are
11 able to agree to any settlements with these
12 individuals -- and the WRC is involved in talks as
13 well -- that such settlements will be reimbursed to the
14 city. So on that particular balance sheet, you're
15 going to see a decrease in projected exposure to the
16 city for liability. So on the liability side, we're
17 doing pretty -- pretty good and we're moving in the
18 right direction.

19 Now, a result of these cases that are being
20 settled, we are going to be freeing up some money in
21 the general fund that we had planned to set aside for
22 the settlement of these cases or for losing the cases.
23 So we do have a good impact on the general fund.

24 A couple of weeks ago, I had arranged for
25 Plante Moran to do an educational session with the

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1 elected officials regarding accounting, budgeting, a
2 little bit more in detail than I had done for the
3 orientation. And after that particular class, based on
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4 the feedback that I received from the presenters, we're
5 going to need to spend a little bit more time with the
6 elected officials, in terms of the education to make
7 sure that they have a good, solid understanding of how
8 to read, interpret a financial report, where to find
9 the information.

10 I may also look at bringing in an outside
11 organization. Because even though the presentation was
12 geared to information without being specific to the
13 City of Pontiac, there were questions that were raised
14 that really weren't part of the presentation and some
15 questions that could not even be answered by
16 Plante Moran. So I feel that, maybe if you could find
17 another third party to come in and do some sort of
18 education, that may help.

19 But it's very important that the elected
20 officials understand what type of information they're
21 receiving in the financial reports. And I sort of
22 dovetail to this the reports I'm receiving from
23 Mr. Nazarko from the Finance Committee. The purpose
24 behind the Finance Committee Meeting is for the elected
25 officials to review the financial reports that

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1 Mr. Nazarko prepares and has presented to the TAB and
2 to the elected officials as well.

3 And maybe, out of one meeting, there was
4 discussion of the financial reports. So there doesn't
5 seem to be that understanding of the importance of

6 these reports that are coming out. So that is
7 something that we'll be working with.

8 I did happen to speak to one of the Council
9 members today who is on the Finance Committee and
10 shared that concern with him and he had indicated that
11 he'll bring that up to the Chair, that really that
12 should be the first item on the agenda to see if any of
13 the officials have any questions about the reports or
14 if the Finance Director wants to make some comments
15 that the elected officials should be made aware of.

16 So we are proceeding in that direction. We
17 may look at doing another training and an open meetings
18 act. It's going to be a year in December since we've
19 done one of those so I'll be looking into that as well.

20 Overall, we are preparing to move forward
21 into the winter season. Most of our agreements for
22 Public Works services, street sweeping, street signs,
23 grass cutting are expiring at the end of this year. So
24 you will be seeing quite a few RFPs and requests to
25 award contracts coming before Council and you within

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1 the next couple of months. So that is happening.

2 So, overall, in some cases, we're resetting
3 ourselves and other cases we're reexamining. I would
4 like to make a comment about the income tax situation
5 that Mr. Nazarko did not make. We know for a fact that
6 the City previously obtained the non-filer tapes from
7 the State of Michigan up until it was either 2006 or
8 2007.

9 what we were finally able to confirm, based
10 on the data presented, even though the City received
11 those tapes, they never did anything with it. On the
12 other hand, in terms of enforcement, we have spoken to
13 past employees' directors of the Income Tax Department
14 and we learned that the elected officials, at the time,
15 did not want the City to proceed with any active
16 enforcement on the income tax side either.

17 And I saw a document that sort of leads me to
18 believe that that's true. It was a request to City
19 Council and a note from the City Attorney saying,
20 "well, Council's not taking any action on this, so
21 don't proceed."

22 And when I had announced to the City Council
23 that we were planning to do income tax enforcement, I
24 was asked, "well, what gives you the authority to make
25 that decision?" So I know that there's a little bit of

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1 hesitation from the elected officials to actually move
2 forward with this program. However, we are working
3 with those individuals who have been invoiced, entering
4 into payment plans with them. We are looking for
5 compliance. We are being reasonable. Mr. Nazarko has
6 given direction to the processing company as to what
7 the parameters are.

8 And finally, we have posted the position of
9 City Treasurer. We're hoping that we are going to be
10 able to attract a qualified candidate. I know, when we

11 were looking over a year and a half ago, we had some
 12 difficulties in finding someone. We're hoping that
 13 that does come into fruition. I will say that, if we
 14 are unable to find an attractive, qualified candidate
 15 for the position of City Treasurer, then we will not go
 16 to that three-member City Treasurer office, we will
 17 continue with the four-person office and may look to
 18 fill the Treasury Analyst position in one form or
 19 another.

20 But Mr. Nazarko firmly believes that we're
 21 losing probably \$50,000 a year in lost interest just
 22 because we do not have an active cash management
 23 program. And hopefully, this will be an issue that we
 24 will be able to resolve relatively soon.

25 And that concludes my report.

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1 THE CHAIRPERSON: Any questions for
 2 Mr. Sobota from the Board Members?

3 Seeing none, thank you, Mr. Sobota.

4 Next item on the Agenda is Summary of RTAB
 5 Evaluation Criteria.

6 Mr. Cline.

7 MR. CLINE: Yes. The City passed its one
 8 year deadline last month for being under our Transition
 9 Board, per the Governor's requiring that we are to do
 10 an annual evaluation of the City and its status. As
 11 with all RTABs, there's been an evaluation tool that
 12 has been developed that is currently being implemented
 13 in one community. Now, we are ready to use that for --

14 for Pontiac.

15 what we have done is we have taken the broad
16 categories here and we've put them in a one-page
17 summary of some of the things that we'll be looking at.
18 There are sub-points to all of this. But it's a pretty
19 extensive tool. We have provided a copy to the Mayor
20 and the City Administrator. We wanted to provide this
21 to you. What we are looking at is next month we'll
22 bring the entire process for the RTAB, letting you
23 consider it to sort of officially give a kickoff to
24 this process.

25 And then we'll proceed with the evaluation of

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1 the City and then bring our Summary Report back which
2 will then have to be transmitted to the Governor's
3 office. So it's a fairly lengthy process but I believe
4 it's very thorough and detailed and, I think, worked
5 well the last time that it was used. So I think there
6 should be -- I think it should proceed okay. I think
7 if the Board Members have any questions about this
8 summary, please get ahold of me. But that's where
9 we're at at this point. So --

10 THE CHAIRPERSON: Thank you. Any questions
11 for Mr. Cline regarding the RTAB evaluation tool?

12 MR. SAWDON: Not at this time.

13 THE CHAIRPERSON: All right. Next item is
14 public comment. Mr. Cline will be the timekeeper. You
15 will have two minutes for comments under this part of

16 the agenda.

17 Okay. The first individual will be --

18 MR. CLINE: Glen Konopaskie.

19 THE CHAIRPERSON: Konopaskie.

20 MR. KONOPASKIE: Konopaskie.

21 MR. CLINE: Konopaskie. I'm sorry for the
22 pronunciation.

23 MR. KONOPASKIE: That's okay. I'll take
24 that.

25 MR. CLINE: Here we go.

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1 THE CHAIRPERSON: Set that at 2.

2 MR. CLINE: That's at 2, yeah.

3 MR. KONOPASKIE: The PDBA is a nationally
4 accredited, award-winning Main Street Program that
5 operates as a downtown management corporation,
6 effectively. The City used to fund it at over a half
7 million dollars a year. We're running it as a
8 nonprofit volunteer organization with a certified City
9 Planner with 17 years experience on staff now.

10 It frustrates me that this Board does not
11 understand its position and City oversight on the
12 parking contract addendum. The PDBA cannot affect
13 changes to our contract with our vendor until the City
14 approves a contract addendum. You have the final say
15 on that. We are forced to negotiate with four
16 different bodies but you placed us as the holdup to
17 approve the addendum.

18 The conservatism of the panel today could

19 result in the collapse of the economic recovery in
20 downtown. You are now pinning our recovery of the
21 PDBA's parking vendor for them to take yet another risk
22 on the City. There is no valid business position shown
23 in this delay. The insight -- the -- oh. Out of the
24 six vendors which responded to the RFP, only SP+ was
25 willing to take the risk to make the investment in

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1 downtown. Now you're requiring them to take additional
2 risks to be able to move forward.

3 Your current plan delaying the vote until
4 October, if our vendor does not choose to take yet
5 another risk on the City, means that the roll out could
6 be delayed to January or February of 2016. The impact,
7 the massive negative impact, on our businesses leaving
8 downtown in December if the system is not operational
9 in October or November of this year could be
10 devastating.

11 I'm very sad with the position that's been
12 taken because of the potential severe regression that
13 we will go into in downtown. We have had other cities
14 come to us and say, "How have you recovered your
15 downtown so quickly?" And it's because we were given
16 the Main Street Program to operate and learn from and
17 now, just as we're about to take a huge step forward,
18 we have been stopped.

19 THE CHAIRPERSON: Thank you.

20 MR. CLINE: Okay. Kyle Westburg.

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21 MR. WESTBURG: Hello. My name is
22 Kyle Westburg. I'm the owner of West Construction,
23 we're out there on Oakland Avenue, a multiple real
24 estate developer and owner of Lafayette Place Lofts
25 development. And the reason I wanted come up here was

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1 to talk about the Strand Theatre project. We are --
2 just to keep the Board up to speed and the folks in the
3 audience -- we are moving forward on the project. We
4 are still in the due diligence and the predevelopment
5 process.

6 We are spending money on architectural fees
7 and everything else. We anticipate closing our
8 financing within four to six months. I'm hoping closer
9 to four months. We do have our Encore nonprofit is
10 going to run the theatre and they have their Executive
11 Director selected and they have to do a fundraising
12 event that they are going to be moving forward here.

13 We also have the restaurant operator in
14 place. We are almost finalized, we're finalizing our
15 lease on that. I think everybody is going to be
16 pleased with that when it's all said and done.

17 I'm going to use the next minute to reiterate
18 what Glen just said. As a real estate developer and
19 business owner, I've -- I've been involved with about
20 \$20 million in real estate development. I'm working on
21 another \$20 million real estate development and I know
22 a good friend of mine, Bob Wand, has brought in a lot
23 of real estate developers and investors that are

24 interested in Pontiac.

25 when he said \$40 to \$60 million, that's just

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1 a starting point. We have potential to do half a
2 billion dollars in real estate development in the next
3 five years in downtown Pontiac. The issue that we have
4 in front of us with parking, this parking issue, the
5 \$8,000 is irrelevant. Everybody understands it's
6 irrelevant. The process to go through the \$8,000 is
7 what has caused Mr. Sobota his anxiety, understandably.
8 There were some issues there that our Board wasn't all
9 a hundred percent on board on. They've finally come to
10 terms with it and moving forward and our membership
11 will vote and pool with this tonight. But it's a
12 canary in a coal mine.

13 As business developers, we're looking at
14 dealing with four different entities to try to do a
15 deal and it's impossible to do this. So anybody that's
16 going to do an investment in this community is not
17 going to do it because that headwind is too big. We
18 need to solve that. We need you guys working to solve
19 that issue.

20 THE CHAIRPERSON: Thank you, Mr. Westburg.

21 MR. CLINE: Billie Swazer.

22 MS. SWAZER: Linda, did I give it to you?

23 Yes, thank you. At the last month's TAB
24 Board Meeting Councilman Carter said some things
25 against the General Employees Retirement System. I'm a

1 resident and a retiree. The General Employees
2 Retirement System moved to its current location because
3 then emergency manager and now TAB Board Member
4 Schimmel kicked the retirement system out of City Hall.
5 This is the citizen's building, we pay for it but he
6 kicked them out.

7 Other contractors like the income tax person
8 and the Building and Safety firm are given free space
9 at the taxpayers' expense. We, the retirees, oppose
10 going to MERS. There is no benefit for us for -- to go
11 to them. MERS makes risky investments. Just ask the
12 teacher's union who I'm told MERS spent money when
13 going into a movie studio and it was lost. Others have
14 lost money and have had their retirements reduced. We
15 don't want to have our retirements reduced. We don't
16 want MERS.

17 The citizens of Pontiac are responsible for
18 our retirement and benefits, just as we're responsible
19 for the tax losses that result when Council persons and
20 the TAB Board approves tax breaks, just as we are
21 responsible for the tax hikes, like the water bill
22 increases that were approved for the Oakland County
23 Water Resource Commission.

24 And by the way, how did the Oakland County
25 Water Resource pay for the Water Department or was this

1 a Schimmel gift?

2 My final comment is going to be on the
3 incomes tax. Yes, they sent out \$8 million in bills.
4 Anybody can send out \$8 million in bills. But are all
5 those bills valid? A lot of people will pay a bill
6 just because they get a bill. Some of us will question
7 it and some of them won't.

8 Now, one of the things that they have on
9 there is that they're going to tax pensions. The State
10 taxes pensions but the City never did. And they did
11 get the tax, those State rolls, and they did take
12 action on them. And Mr. Schimmel -- I mean -- excuse
13 me -- Mr. Sobota, it's a mistake. Thank you.

14 THE CHAIRPERSON: Thank you, Ms. Swazer.

15 MR. CLINE: All right. Robert Cluckey.

16 MR. CLUCKEY: Good afternoon, Ladies and
17 Gentlemen and Citizens of Pontiac and the present
18 Mayor, District Executive Officers, TAB, Ladies and
19 Gentlemen of the TAB. I had my questions answered by
20 your review of your summary up here, RTAB.

21 I'd like to hear some more of that in the
22 next coming meetings on how you may arrange departure.
23 Because I think the last request, when I was here,
24 was -- might have been on when or could you leave early
25 and restore the solvate and keys back to the City Hall,

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1 to our mayor and our elected officials.

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And -- but most of my concerns were answered
3 with that and I'll like to hear some more of that as
4 months come on. Thank you.

5 THE CHAIRPERSON: Thank you, Mr. Cluckey.
6 That is the end of Public Comment.

7 Next item is Board Comments. Any comments
8 from the Board Members?

9 MR. BURGESS: None.

10 MR. SAWDON: None.

11 THE CHAIRPERSON: All right. The last item
12 is adjournment. I'll entertain a motion to adjourn.

13 MR. BURGESS: I so move.

14 MR. SAWDON: Second.

15 THE CHAIRPERSON: Moved and supported to
16 adjourn the meeting. All in favor of the motion, say
17 "Aye".

18 BOARD MEMBERS: Aye.

19 THE CHAIRPERSON: Opposed, same sign.

20 Motion is approved. The Pontiac RTAB meeting
21 is adjourned at 2:34 p.m.

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I, Mona Storm, do hereby certify that I have
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5 recorded stenographically the proceedings had and
6 public comment taken in the meeting, at the time and
7 place hereinbefore set forth, and I do further certify
8 that the foregoing transcript, consisting of (79)
9 pages, is a true and correct transcript of my said
10 stenographic notes.

11

12 Date

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Mona Storm
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